

House Republican Press Release

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Press Office: 860-240-8700

Watch Your Wallets!



By State Representative John J. Ryan

As a faithful reader, you are aware that the General Assembly is in the midst of a 'long session year,' where the most important task is the adoption of Connecticut's next two-year budget. In our last column, we outlined that

Governor Rell's budget address kicked off this process, and you know that we are facing the challenge of yet another impending budget deficit in the range of \$1 billion.

To assist in putting some of these concepts into more meaningful reality for our taxpayers, this past Friday morning, I participated in a House Republican press conference at the Legislative Office Building that gave some details on where our tax revenues come from and where they are distributed; I hope that you saw some of the news stories.

I wish that we had enough space to cover all of the data and charts that were presented, but these points will give you the idea:

Would you be surprised to learn that Connecticut's seven "urban core cities" (Bridgeport, Hartford, etc.) have 18.6% of our state's population, but receive 43.6% of state aid [\$1332 per resident] and produce only 5.9% of the state's income tax revenue?

Or that the 61 "suburban towns" (remember that we have 169 municipalities) with 26.6% of the population, get 12.9% of the state aid (\$277 per student) and produce 35% of the state's income tax revenue?

Can you imagine the disparity in these categories for a town like Darien, one of the eight so-called "wealthy towns" with only 5.4% of the population, receiving only .59% of state aid) that's correct, about 1/2 of one percent), yet generating 20.4% of the entire state income tax revenue?

In other words, for a town like Darien, for every \$1 of income tax revenue sent to Hartford, receives a whopping 2 cents back. Please note that this effect is not limited to an analysis of the income tax; guess which towns contribute the most to the conveyance tax for instance? This huge disparity is hardly news to those of us who have been familiar

with the operation of our state government, but depicting the data in graphic form is compelling to say the least.

Let's keep a few important points in mind here:

- No one disputes that in a modern society, we are all aware that our inner cities have major and urgent social needs, and no one disputes that in any civilized tax system, those who have more should and do pay more into the system; it is the huge disparity between income generated and benefits received that is eye-catching!
- Have you seen any inclination whatsoever on the part of the legislative majority, given the hundreds of millions of dollars that are pouring annually into a few locations, to analyze which government programs work well, which need improving or consolidating and which should be phased out; as opposed to merely calling for more and more spending, year after year after year?
- Obviously our region of the state (derisively known as 'the Gold Coast' at the Capitol) is the major revenue generator for Connecticut, but also has major needs (gridlock, anyone ?) that cry out for action, and can we expect a major commitment from the legislative majority to address those needs?
- One cannot be blind to the political reality that this revenue/return disparity will only get worse rather than better, given the very sizeable Democrat majorities in both the Senate and the House, since the calls for a variety of tax increases have already begun?
- Are you aware that one of the largest Democrat advocacy groups is lobbying for enacting "progressive income tax changes" (for example, for married couples filing jointly) to increase state income tax rates to 5.5% at \$250,000; to 6.25% at \$500,000; to 7.5% at \$750,000; 8.75% at \$1million, etc.? (of course ignoring that the most recent changes already made to the income tax were to move the 'floor' up for the lowest income levels and to increase the rate at the highest levels)?

Keep in mind that we have not even mentioned that there are also increased calls for higher taxes on business, and that the "temporary increase" in the conveyance tax that came in during the budget mess of a few years ago and was scheduled to sunset, is virtually certain to become a permanent increase. In other words, you can take it as a given that Governor Rell's opening budget proposal (which did not include income tax increases) will be substantially modified to include sizeable tax increases and be passed by the legislative majority; the only real issues are what components can the Governor veto and can any of these vetoes be sustained?

And isn't this ironic in the context of last fall's campaign pledges 'to oppose a millionaire's tax' and 'bring more money from Hartford' by candidates whose colleagues in the legislature are doing the opposite? Remember, it's your money, so stay tuned! And if you wish to review that material presented at last week's press conference, let us know.

Please feel free to contact me with your concerns and issues. As your state representative, it is my job, and my priority to represent you and to make sure that your needs and

concerns are addressed at the capitol. You can write to me at Room 4200, Legislative Office Building, Hartford, CT 06106-1591, send me e-mail at John.Ryan@housegop.state.ct.us or call my office toll-free at 1-800-842-1423.